DEPARTMENT OF JUSTICE

VICTIMS' FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2007

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Department of Justice – Victims' Fund (Fund) as at March 31, 2007, and the statements of operations, changes in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 18, 2007

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2007	2006
Financial assets:		
Due from General Revenue Fund (Note 6)	$ 1,266,682	$ 321,664
Accounts receivable (Note 7)	1,143,596	1,028,909
Due from Public Guardian and Trustee (Note 8)	365,734	489,879
Total financial assets	2,776,012	1,840,452
Liabilities:		
Accounts payable	150,743	220,001
Due to General Revenue Fund (Note 9)	503,808	-
Employee leave entitlement	25,576	25,310
Deferred revenue (Notes 2b and 10)	67,677	63,255
Total liabilities	747,804	308,566
Net financial assets	2,028,208	1,531,886
Non-financial assets		
Tangible capital assets (Notes 2d and 4)	979	6,882
Accumulated surplus	$ 2,029,187	$ 1,538,768
Commitments (Note 11)		

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31

	Budget 2007 (Note 12)	Actual 2007	2006
Revenue:			
Surcharge revenue	$ 3,600,000	$ 3,751,288	$ 3,812,280
General Revenue Fund - appropriation (Note 13)	600,000	597,846	-
Investment income (Note 8)	-	51,535	43,976
Proceeds of Crime revenue	-	22,000	99,284
Other	-	9,793	3,618
Total revenue	4,200,000	4,432,462	3,959,158
Expense:			
Administration costs	547,000	509,471	538,659
Crisis intervention services	2,516,000	2,411,669	2,660,920
Court based programs	269,000	248,428	247,358
Compensation payments	465,000	397,108	310,008
Restitution program	142,000	82,195	125,671
Research, evaluation & prevention	192,000	156,582	128,728
Education and training	111,000	114,590	130,102
Proceeds of Crime	-	22,000	99,284
Total expense (Schedule 1)	4,242,000	3,942,043	4,240,730
(Deficit) surplus for the year	$ (42,000)	490,419	(281,572)
Accumulated surplus, beginning of year		1,538,768	1,820,340
Accumulated surplus, end of year		$ 2,029,187	$ 1,538,768

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2007	2006
Surplus (deficit) for the year	$ 490,419	$ (281,572)
Acquisition of tangible capital assets	-	(2,938)
Amortization of tangible capital assets	5,903	7,794
	5,903	4,856
Increase (decrease) in net financial assets	496,322	(276,716)
Net financial assets, beginning of year	1,531,886	1,808,602
Net financial assets, end of year	$ 2,028,208	$ 1,531,886

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2007	2006
Operating activities		
Cash received from:		
Surcharge	$ 3,624,942	$ 3,679,719
Other	1,201,064	90,995
	4,826,006	3,770,714
Cash paid for:		
Salaries	741,369	747,588
Other	3,263,763	3,394,769
	4,005,132	4,142,357
Cash provided (used) by operating activities	820,874	(371,643)
Capital activities		
Cash used to acquire tangible capital assets	-	(2,938)
Investing activities		
Cash provided by Public Guardian and Trustee	124,144	264,822
Increase (decrease) in cash and cash equivalents	945,018	(109,759)
Due from General Revenue Fund, beginning of year	321,664	431,423
Due from General Revenue Fund, end of year	$ 1,266,682	$ 321,664

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2007

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act* as amended April 1, 1992, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and reflect the following significant accounting principles.

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Surcharge revenue

Surcharge revenue represents provincial and federal fine surcharges collected by the Department of Justice in accordance with *The Victims of Crime Act, 1995* and the Criminal Code. The Department of Justice is responsible for collecting the surcharges on behalf of the Fund. Surcharges are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) Deferred revenue

Proceeds of crime funding received from the Federal Government is recognized as revenue in the year the related expenses are incurred.

c) Expense

Expense represents the cost of resources consumed during the year for operations. Expense includes provision for the amortization of tangible capital assets.

d) Tangible capital assets

Tangible capital assets that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over the assets' useful life of three years.

e) Use of estimates

These statements are prepared in conformity with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences will be reflected in current operations when identified.

3. Financial Instruments

The Fund has the following financial instruments: due from General Revenue Fund, due from Public Guardian and Trustee, accounts receivable, accounts payable, and due to General Revenue Fund. The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates.

The Fund's receivables and payables are non-interest bearing and as a result there is no interest rate risk associated with these financial instruments.

As market interest rates fluctuate the market value of fixed income investments moves in the opposite direction. This risk may affect the price the Fund can sell the investments for prior to maturity.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable or investment income and principal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to

measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

The Fund's investments held by the Public Guardian and Trustee consist of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem their bonds upon maturity. The Public Guardian and Trustee limits the credit risk by investing in securities considered to be high quality.

c) Fair value

For the following financial instruments, the carrying values approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable
Due to General Revenue Fund

The carrying value of amounts held by the Public Guardian and Trustee at March 31, 2007 approximates fair value.

4. Tangible Capital Assets

	2007	2006
Opening costs of tangible capital assets	$ 113,160	$ 110,222
Additions during the year	-	2,938
Closing costs of tangible capital assets	113,160	113,160
Opening accumulated amortization	106,278	98,484
Annual amortization	5,903	7,794
Closing accumulated amortization	112,181	106,278
Net book value of tangible capital assets	$ 979	$ 6,882

Tangible capital assets consist of computer hardware.

Annual amortization is included in administration costs in the Statement of Operations.

5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the

Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

During the year, the Fund received certain administrative services from the Departments of Justice and Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and related notes.

6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2007 was 4.15% (2006 – 2.82%).

7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals and miscellaneous receivables. The balance at March 31 consists of:

	2007	2006
Surcharge receivable	$ 1,058,424	$ 932,077
Federal/Provincial cost sharing agreement receivable	25,001	93,771
Other accounts receivable	60,171	3,061
Total accounts receivable	$ 1,143,596	$ 1,028,909

8. Due from Public Guardian and Trustee

The Fund invests a portion of its surplus funds with the Public Guardian and Trustee for Saskatchewan. The Public Guardian and Trustee invests these monies, together with monies it administers for its other clients, in a common fund. Income earned in the common fund, together with part of the change in market values of common fund investments, is allocated annually to clients, including Victims' Fund. The change in market value of common fund investments is allocated equally over four years.

The Fund records amounts allocated to it by the Public Guardian and Trustee as income or loss and adjusts the carrying value of its investment by the same amount. Carrying value approximates the fair value of investments.

9. Due to General Revenue Fund

The Province of Saskatchewan received proceeds of crime money as a result of forfeiture orders issued pursuant to Section XII.2 of the Criminal Code of Canada. In 2006-07, the Government approved the deposit of the provincial proceeds to the Fund. Subsequent to that approval, an amount of $503,808 from disposals of forfeited property was transferred to the Fund. In 2007-08, pursuant to *The Victims of Crime Act, 1995*, the Department of Justice intends to seek an Order in Council which authorizes the $503,808 and similar proceeds to be recorded as revenue of the Fund.

10. Deferred Revenue

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations, the Federal Government receives monies from seizures made by police during drug and other illegal activity investigations. On April 17, 2000 the Province entered into an agreement with the Federal Government that specifies the proceeds are to be used to support crime prevention, issues of substance abuse, and law enforcement. Treasury Board approved the deposit of the proceeds of crime into the Fund.

	2007	2006
Deferred revenue consists of:		
Monies for RCMP operations directed at organized crime	$ 52,877	$ 33,060
Monies for public education and crime prevention	14,800	30,195
Total deferred revenue	$ 67,677	$ 63,255

11. Commitments

The Fund enters into two-year agreements with agencies to provide victim services programs throughout the Province. The Fund has the following annual contractual commitments for each of 2007/08 and 2008/09:

Police based programs	$ 1,680,262
Specialized programs	280,007
Other	605,618
Total contractual commitments	$ 2,565,887

12. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

13. General Revenue Fund - Appropriation

The appropriation reflects funding for Victims' programs from the General Revenue Fund. The Victims' Fund manages and pays for certain programs and the appropriation represents a reimbursement to the Fund for the costs of these programs. Treasury Board has approved the transfer.

Schedule 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31

	2007	2006
Expense:		
Community grants	$ 2,661,332	$ 2,895,417
Salaries	741,635	754,522
Proceeds of Crime	22,000	99,284
Compensation awards	397,108	310,008
Administration	99,155	126,722
Systems expenses	14,910	46,983
Amortization	5,903	7,794
	$ 3,942,043	$ 4,240,730

Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc. which total $50,000 or more.

McKendrick, Rod	$	65,933
Sanderson, Garry		50,481
Selinger, Murray		73,767
Thiele, Patrick		85,641

Transfers

Listed are transfers to recepients who received $50,000 or more.

Battlefords Victim Services Inc.	$	127,825
Buffalo Regional Victim Services Inc.		80,130
Churchill River Regional Victim Services Inc.		116,109
Family Healing Circle Lodge Inc.		52,712
Family Service Regina Inc.		102,045
Kanaweyimik Child and Family Services Inc.		59,511
Moose Jaw Police Service		65,202
Northeast Regional Victim Services Inc.		124,291
Northern Region Victim Services		119,474
Northwest Regional Victim Services Inc.		61,757
Parkland Victims Services Inc.		174,299
Peyakowak Committee Inc		52,862
Prince Albert Police Service		131,340
Prince Albert Regional Victim Services Inc.		70,961
Regina Police Service		200,206
Regina Region Victim Services Inc.		118,249
Regina Women's Community Ctr & Sexual Assault Line Inc.		57,091
Saskatoon Indian & Metis Friendship Centre Inc.		52,772
Saskatoon Police Service		350,356
Saskatoon Sexual Assault & Information Centre Inc.		70,082
South West Victim Services Inc.		66,095
Southeast Regional Victim Services Inc.		68,431